

# EMPLOYEE RETIREMENT SYSTEMS OVERVIEW

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Fairfax County Employee Retirement Systems include the Uniformed Retirement System (Fund 600), the Fairfax County Employees' Retirement System (formerly Supplemental Retirement System) (Fund 601), and the Police Officers Retirement System (Fund 602). Each of these systems is funded from employees' contributions based on a fixed percentage of pay, County contributions based on a variable percentage of employee pay as determined by actuarial analysis, and return on investments. In order to assure the continued soundness of each fund, an actuarial valuation is conducted annually and, if appropriate, an adjustment is made to the employer's contribution rate.

For the Uniformed Retirement Trust Fund and the Police Officers Retirement Trust Fund, the full amount of the employer's contribution comes from Agency 89, Employee Benefits, in the County's General Fund. For the Fairfax County Employees' Retirement Trust Fund (formerly Supplemental Trust Fund), the employer's contribution comes from two sources: Agency 89, Employee Benefits for County employees; and Fairfax County Public Schools (FCPS) for school employees.

Based on the annual actuarial valuation, the employer's contribution rate for each of the three funds for FY 2002 is as follows:

<b>Fund</b>	<b>FY 2001 Employer Contribution Rates</b>	<b>FY 2002 Rates</b>	<b>Basis Point Change</b>	<b>Net General Fund Impact</b>
<b>Police Officers</b>	25.69	21.79	(3.90)	(\$2,592,534)
<b>Fairfax County Employees' Retirement (formerly Supplemental)</b>	6.29	6.12	(0.17)	(397,086)
<b>Uniformed</b>	20.11	18.93	(1.18)	<u>(1,091,344)</u>
<b>Total</b>				<b>(\$4,080,964)</b>

A consultant study of the Retirement Systems was conducted in FY 2001. Based on input provided by the County Executive, Human Resources and the Board of Trustees, long term strategic goals were discussed to address income replacement objectives, retiree health insurance objectives and workforce planning and competitiveness. The study researched national best practices, identified the current retirement plan design, compared local jurisdictions and formulated draft policy recommendations. It should be noted that, no recommendations from the retirement study have been included in the FY 2002 Adopted Budget Plan. The study results and preliminary recommendations were presented to the Board of Supervisors on January 22, 2001. Final recommendations concerning the study will be presented to the Board of Supervisors for consideration.

# EMPLOYEE RETIREMENT SYSTEMS OVERVIEW

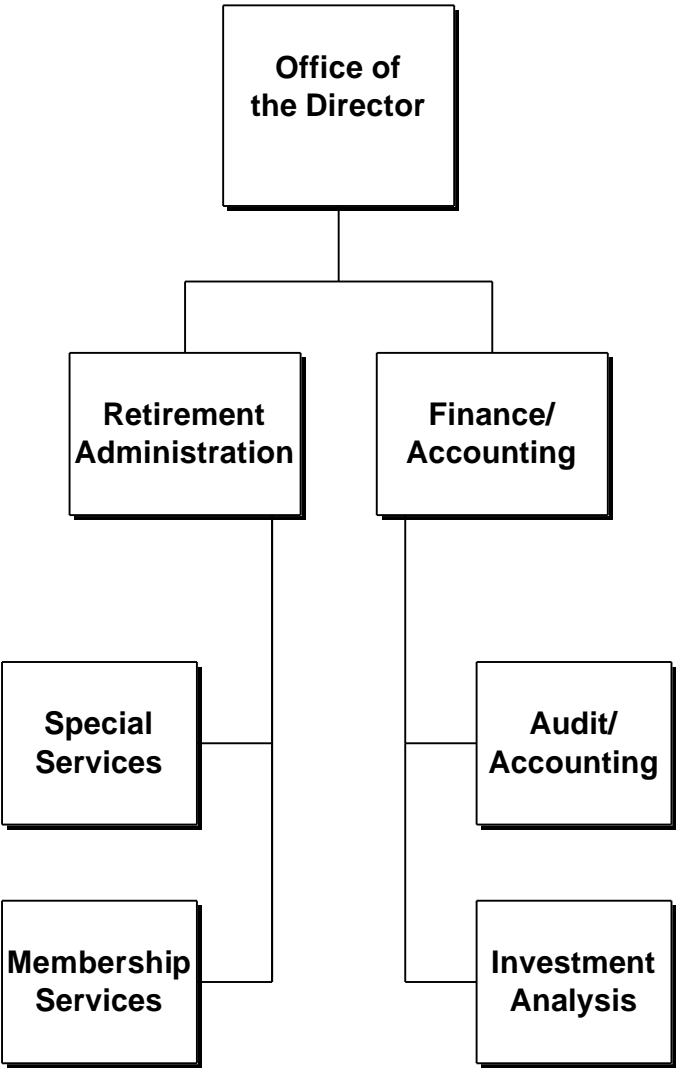
The following table displays relevant information about each retirement system:

EMPLOYEES COVERED					
Uniformed		Fairfax County Employees' Retirement (formerly Supplemental)		Police Officers	
Fire and Rescue Personnel; Uniformed Office of Sheriff employees; Game and Animal Wardens; Helicopter Pilots.		County employees not covered under Uniformed or Police Officers System; certain FCPS employees including food service, custodial, bus drivers, part-time and substitute teachers, maintenance staff.		Fairfax County Police Officers.	
CONDITIONS OF COVERAGE					
Uniformed		Fairfax County Employees' Retirement (formerly Supplemental)		Police Officers	
At age 55 with 6 years of service or after 25 years of service.		At age 65 with 5 years of service or earlier when age and years of service combined equal 80 or, for reduced "early retirement" benefits, 75. Not before age 50.		At age 55 or after 20 years of police service if hired before 7/1/81; or 25 years of service if hired on or after 7/1/81.	
EMPLOYEE CONTRIBUTION					
	Uniformed		Fairfax County Employees' Retirement (formerly Supplemental)		Police Officers
	Plan A	Plan B	Plan A	Plan B	12.00% of Pay
Up to Wage Base	4.00%	7.08%	4.00%	5.33%	
Above Wage Base	5.33%	8.83%	5.33%	5.33%	
Plan C	4.00%				
Plan D	7.08%				
EMPLOYER CONTRIBUTION Rate Structure / FY 2002 Estimate					
Uniformed		Fairfax County Employees' Retirement (formerly Supplemental)		Police Officers	
18.93% \$18,599,091		County 6.12% / \$14,692,181 Schools 6.12% / \$7,544,345		21.79% \$17,077,485	

# EMPLOYEE RETIREMENT SYSTEMS OVERVIEW

INVESTMENT MANAGERS AS OF JUNE 30, 2000		
Uniformed	Fairfax County Employees' Retirement (formerly Supplemental)	Police Officers
<ul style="list-style-type: none"> <li>▪ Barclays Global Investors</li> <li>▪ Credit Suisse Asset Management</li> <li>▪ J.L Kaplan Associates, L.L.C.</li> <li>▪ Lazard Asset Management</li> <li>▪ Marathon-London</li> <li>▪ Payden &amp; Rygel Investment Counsel</li> <li>▪ Zak Capital, Inc.</li> <li>▪ State Street Global Advisors</li> <li>▪ Schroder Capital Management International, Inc.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Barclays Global Investors</li> <li>▪ Cohen &amp; Steers Capital Management, Inc.</li> <li>▪ JP Morgan Investment Management, Inc.</li> <li>▪ Lazard Asset Management</li> <li>▪ Payden and Rygel Investment Counsel</li> <li>▪ Schroder Capital Management International, Inc.</li> <li>▪ Robert E. Torray &amp; Co., Inc.</li> <li>▪ Thompson Horstman and Bryant</li> <li>▪ Wanger Asset Management, L.P.</li> <li>▪ DSI International</li> <li>▪ The Clifton Group</li> </ul>	<ul style="list-style-type: none"> <li>▪ Capital Guardian Trust Co.</li> <li>▪ Cohen &amp; Steers Capital Management, Inc.</li> <li>▪ Credit Suisse Asset Management</li> <li>▪ Dodge &amp; Cox, Inc.</li> <li>▪ Robert E. Torray &amp; Co., Inc.</li> <li>▪ Furman Selz Capital Management, L.L.C</li> <li>▪ Janus Capital</li> <li>▪ Oak Associates</li> <li>▪ Pacific Investment Management Co.</li> </ul>

# RETIREMENT ADMINISTRATION AGENCY



# RETIREMENT ADMINISTRATION AGENCY

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## *Agency Position Summary*

21 Regular Positions / 21.0 Regular Staff Years

### ***Position Detail Information***

#### **OFFICE OF THE DIRECTOR**

1 Executive Director  
1 Administrative Assistant  
1 Secretary II  
1 Clerk Typist II  
4 Positions  
4.0 Staff Years

#### **Investment Analysis**

1 Investment Analyst  
1 Senior Investment Manager  
2 Positions  
2.0 Staff Years

#### **RETIREMENT ADMINISTRATION**

1 Retirement Administrator  
1 Position  
1.0 Staff Year

<sup>1</sup> 1/1.0 SYE Accountant II is financed by Fund 500, Retiree Health Benefits. The remaining 20/20.0 SYE positions are financed jointly by the three retirement trust funds (Funds 600, 601, and 602).

#### **Special Services**

1 Programmer Analyst II  
1 Programmer Analyst III  
1 Information Officer II  
3 Positions  
3.0 Staff Years

#### **Membership Services**

1 Management Analyst II  
3 Retirement Counselors  
3 Account Clerks II  
1 Clerical Specialist  
8 Positions  
8.0 Staff Years

#### **FINANCE/ACCOUNTING**

1 Investment Manager  
1 Position  
1.0 Staff Year

#### **Audit/Accounting**

1 Accountant II<sup>1</sup>  
1 Account Clerk II  
2 Positions  
2.0 Staff Years

# RETIREMENT ADMINISTRATION AGENCY

## Agency Mission

To assure the successful financial and administrative operation of the three Fairfax County employee retirement systems (Fairfax County Employees' Retirement (formerly Supplemental), Uniformed and Police Officers), to accurately process payments of the Retiree Health Benefits Fund, and to provide comprehensive information regarding retirement plan benefits to all active employees and retirees covered by County retirement plans.

Agency Summary <sup>1</sup>					
Category	FY 2000 Actual	FY 2001 Adopted Budget Plan	FY 2001 Revised Budget Plan	FY 2002 Advertised Budget Plan	FY 2002 Adopted Budget Plan
Authorized Positions/Staff Years					
Regular	21/ 21	21/ 21	21/ 21	21/ 21	21/ 21
Expenditures:					
Personnel Services	\$2,506,248	\$3,194,545	\$3,194,545	\$3,351,051	\$3,364,858
Operating Expenses	117,561,284	125,765,122	127,009,957	135,473,769	135,473,769
Capital Equipment	7,279	13,240	13,240	0	0
<b>Total Expenditures</b>	<b>\$120,074,811</b>	<b>\$128,972,907</b>	<b>\$130,217,742</b>	<b>\$138,824,820</b>	<b>\$138,838,627</b>

<sup>1</sup> The table above includes all of the three County retirement funds (Funds 600, 601, and 602) as well as the Retiree Health Benefits Fund (Fund 500) which are administered by this Agency and to which all costs of agency administration are apportioned. Further details on Fund 500, including the fund statement, may be found under the Internal Service Fund section in this volume.

Summary by Cost Center					
Category	FY 2000 Actual	FY 2001 Adopted Budget Plan	FY 2001 Revised Budget Plan	FY 2002 Advertised Budget Plan	FY 2002 Adopted Budget Plan
600 Uniformed Employees Retirement Trust Fund	\$21,521,046	\$26,149,438	\$26,149,888	\$27,536,337	\$27,538,301
601 Fairfax County Employees' Retirement Trust Fund	72,606,166	76,028,239	76,042,339	82,567,043	82,576,207
602 Police Retirement Trust Fund	24,531,837	24,824,444	26,054,729	26,679,374	26,681,338
Retirement Trust Funds	\$118,659,049	\$127,002,121	\$128,246,956	\$136,782,754	\$136,795,846
500 Retiree Health Benefits Fund	1,415,762	1,970,786	1,970,786	2,042,066	2,042,781
<b>Total Expenditures</b>	<b>\$120,074,811</b>	<b>\$128,972,907</b>	<b>\$130,217,742</b>	<b>\$138,824,820</b>	<b>\$138,838,627</b>

## Board of Supervisors' Adjustments

*The following funding adjustments reflect all changes to the FY 2002 Advertised Budget Plan, as approved by the Board of Supervisors on April 30, 2001:*

- The 1.0 percent cost-of-living adjustment approved by the Board of Supervisors, and previously held in reserve, has been spread to County agencies and funds. This action results in an increase of \$13,092 to the Retirement Administration Agency.

# RETIREMENT ADMINISTRATION AGENCY

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*The following funding adjustments reflect all approved changes to the FY 2001 Revised Budget Plan from January 1, 2001 through April 23, 2001. Included are all adjustments made as part of the FY 2001 Third Quarter Review:*

- Net increase of \$1,229,835 associated with the benefit enhancements for the Police Retirement fund approved by the Board of Supervisors on February 7, 2000. The approved changes went into effect July 1, 2000 and included a six percent increase in the multiplier for benefit payments for retirees of the Police Retirement System. The increase is completely offset by increased revenue.

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## ***County Executive Proposed FY 2002 Advertised Budget Plan***

### **Purpose**

Under the discretion of the Board of Trustees for the Police Officers, Fairfax County Employees' Retirement (formerly Supplemental), and Uniformed Retirement Systems, the Retirement Administration Agency processes benefit payments to eligible Fairfax County retirees and beneficiaries. The agency also processes payments for the retiree health benefit subsidy from the Retiree Health Benefits Fund and provides counseling and comprehensive information pertaining to benefits to active and retired County employees.

The agency oversees the financial management of the retirement systems, including the management and investment of the retirement trust funds which totaled \$3,114,787,931 as of June 30, 2000. At the end of FY 2000, the retirement trust funds were invested as follows: 42 percent domestic equities, 36 percent fixed income securities, 12 percent international equities, 9 percent real estate investment trusts (REITs), and 1 percent cash.

### **FY 2002 Initiatives**

- ◆ Complete a review of the actuarial funding policy and present recommendations which would further stabilize the actuarially-required employer contribution rate.
- ◆ Support and implement any changes that result from the review of retiree benefits performed by hired consultants.
- ◆ Continue to identify and implement opportunities to optimize the use of information and technology, including the County's Infoweb, to enhance service and delivery.

### **Performance Measurement Results**

Investment returns for all three retirement systems were below those of recent years. Returns net of management fees were 7.8 percent for Police Officers, 5.9 percent for Fairfax County Employees' Retirement (formerly Supplemental) and 5.2 percent for Uniformed. These results represent an overall decline in stock market returns from the high levels of recent years, a difficult year in the bond markets, as well as narrow markets which made it difficult for active investment managers to outperform the major market indices that were driven by the largest companies and the technology sector. Asset allocation and investment structure reviews during the year resulted in the termination of ten investment managers and eleven new accounts for the three systems combined. Investment expenses as a percent of assets were reduced considerably as the asset class structure reviews resulted in increased allocation to risk-controlled and passive investment accounts. Retirement payments continued to be released on time, with no delays in January due to the year 2000 conversion.

# RETIREMENT ADMINISTRATION AGENCY

## Funding Adjustments

*The following funding adjustments from the FY2001 Revised Budget Plan are necessary to support the FY 2002 program:*

- ◆ An increase of \$85,243 in Personnel Services associated with salary adjustments necessary to support the County's compensation program.
- ◆ A net increase of \$11,464,419 in Operating Expenses reflects increased payments of \$9,975,133 to retirees due to a higher number of retirees and higher individual payment levels, a net increase allowance for refunds of \$1,549,000 based on projected turnover of active members, partially offset by a decrease in payments to beneficiaries of \$59,714.
- ◆ An increase of \$9,512 for Information Technology infrastructure charges based on the agency's historic usage and the Computer Equipment Replacement Fund (CERF) surcharge to provide for the timely replacement of the County's information technology infrastructure.
- ◆ A net decrease of \$1,849,475 in Operating Expenses reflects decreased professional services, including investment and banking services, due primarily to lower than average investment management fees.
- ◆ A net increase of \$69,174 in Operating Expenses primarily due to miscellaneous operating expenses necessary to support the administrative functions for the retirement systems.

*The following funding adjustments reflect all approved changes in the FY2001 Revised Budget Plan since passage of the FY 2001 Adopted Budget Plan. Included are all adjustments made as part of the FY 2000 Carryover Review and all other approved changes through December 31, 2000:*

- ◆ As part of the FY 2000 Carryover Review, an amount of \$15,000 was added due to encumbered carryover.

## Objectives

- ◆ To maintain at 100 percent the number of retiree benefit payments processed on time.
- ◆ To achieve at least a 7.5 percent return on investment over rolling three year periods.
- ◆ To achieve realized return on investment commensurate with the S&P 500 Index and the Lehman Brothers Aggregate Bond Index.

## Performance Indicators

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 1998 Actual	FY 1999 Actual	FY 2000 Estimate/Actual	FY 2001	FY 2002
<b>Output:</b>					
Number of members: <sup>1</sup>					
Fairfax County Employees	15,033	16,440	17,559 / 16,801	17,051	17,318
Uniformed	2,174	2,159	2,352 / 2,159	2,214	2,273
Police Officers	1,609	1,609	1,727 / 1,698	1,739	1,784
Return on Investment:					
Fairfax County Employees	\$243,984,079	\$143,454,668	\$127,012,061 / \$106,500,910	\$137,343,290	\$144,612,615



# RETIREMENT ADMINISTRATION AGENCY

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 1998 Actual	FY 1999 Actual	FY 2000 Estimate/Actual	FY 2001	FY 2002
Uniformed	\$79,249,734	\$55,902,165	\$44,525,215 / \$34,013,896	\$49,213,470	\$52,527,977
Police Officers	\$80,668,043	\$45,613,749	\$42,066,038 / \$47,509,347	\$45,483,505	\$49,612,079
<b>Efficiency:</b>					
Cost per member:					
Fairfax County Employees	\$32	\$37	\$43 / \$45	\$38	\$42
Uniformed	\$83	\$78	\$97 / \$102	\$92	\$105
Police Officers	\$70	\$110	\$135 / \$123	\$120	\$124
Investment costs as a percent of assets: <sup>2</sup>					
Fairfax County Employees	NA	0.33%	0.39% / 0.26%	0.33%	0.27%
Uniformed	NA	0.34%	0.44% / 0.30%	0.39%	0.27%
Police Officers	NA	0.44%	0.55% / 0.47%	0.53%	0.48%
<b>Service Quality:</b>					
Percentage of retiree checks issued within schedule time frame:					
Fairfax County Employees	100%	100%	100% / 100%	100%	100%
Uniformed	100%	100%	100% / 100%	100%	100%
Police Officers	100%	100%	100% / 100%	100%	100%
Return Compared to Assumed Actuarial Rate (7.5%):					
Fairfax County Employees	17.2%	8.6%	7.5% / 5.9%	7.5%	7.5%
Uniformed	16.2%	9.6%	7.5% / 5.2%	7.5%	7.5%
Police Officers	17.2%	8.1%	7.5% / 7.8%	7.5%	7.5%
Large cap domestic equity return compared to S&P 500 Index:					
S&P 500 Index	30.21%	22.74%	NA / 7.24%	NA	NA
Fairfax County Employees	30.28%	20.79%	NA / 3.34%	NA	NA
Uniformed	26.38%	20.02%	NA / 2.82%	NA	NA
Police Officers	29.15%	17.87%	NA / 1.64%	NA	NA
Fixed income return compared to the Lehman Aggregate Bond Index:					
Lehman Aggregate Bond Index	10.54%	3.13%	NA / 4.56%	NA	NA
Fairfax County Employees	10.69%	2.94%	NA / 4.27%	NA	NA
Uniformed	11.09%	3.88%	NA / 4.76%	NA	NA
Police Officers	11.20%	3.62%	NA / 3.94%	NA	NA

# RETIREMENT ADMINISTRATION AGENCY

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 1998 Actual	FY 1999 Actual	FY 2000 Estimate/Actual	FY 2001	FY 2002
<b>Outcome:</b>					
Percentage of retiree payments processed on time:					
Fairfax County Employees	100%	100%	100%	100%	100%
Uniformed	100%	100%	100%	100%	100%
Police Officers	100%	100%	100%	100%	100%
Deviation from actuarial rate of return (total plan):					
Fairfax County Employees	9.7%	1.1%	0.0% / (1.6%)	0.0%	0.0%
Uniformed	8.7%	2.1%	0.0% / (2.3%)	0.0%	0.0%
Police Officers	9.7%	0.6%	0.0% / (0.3%)	0.0%	0.0%
Deviation from S&P 500 (large cap equities):					
Fairfax County Employees	0.1%	(2.0%)	0.0% / (3.9)%	0.0%	0.0%
Uniformed	(3.8%)	(2.7%)	0.0% / (4.4%)	0.0%	0.0%
Police Officers	(1.1%)	(4.8%)	0.0% / (5.6%)	0.0%	0.0%
Deviation from Lehman Aggregate (fixed income):					
Fairfax County Employees	0.2%	(0.2%)	0.0% / (0.3%)	0.0%	0.0%
Uniformed	0.6%	0.8%	0.0% / (0.2%)	0.0%	0.0%
Police Officers	0.7%	0.5%	0.0% / (0.6%)	0.0%	0.0%

<sup>1</sup> This indicator was previously reported separately as number of retirees and number of active members. Beginning in FY 2001, these indicators were combined and are now shown as the total number of members.

<sup>2</sup> This indicator was previously reported as investment costs as a percentage of earnings. However, beginning in FY 2001, the indicator was revised and now reflects the costs as a percentage of assets.

# RETIREMENT ADMINISTRATION AGENCY

## FUND STATEMENT

### Fund Type G60, Pension Trust Funds

### Fund 600, Uniformed Retirement

	FY 2000 Actual	FY 2001 Adopted Budget Plan	FY 2001 Revised Budget Plan	FY 2002 Advertised Budget Plan	FY 2002 Adopted Budget Plan
<b>Beginning Balance</b>	<b>\$618,444,301</b>	<b>\$659,137,361</b>	<b>\$656,503,059</b>	<b>\$702,220,158</b>	<b>\$702,220,158</b>
Revenue:					
Employer Contributions	\$16,489,406	\$16,901,841	\$16,901,841	\$17,153,208	\$17,153,208
Employee Contributions	5,833,295	5,665,676	5,665,676	6,335,121	6,335,121
Employee Payback	205,837	86,000	86,000	169,000	169,000
Return on Investments <sup>1</sup>	58,513,012	49,213,470	49,213,470	52,527,977	52,527,977
Total Realized Revenue	\$81,041,550	\$71,866,987	\$71,866,987	\$76,185,306	\$76,185,306
Unrealized Gain (Loss) <sup>2</sup>	(\$21,461,746)	\$0	\$0	\$0	\$0
Total Revenue	\$59,579,804	\$71,866,987	\$71,866,987	\$76,185,306	\$76,185,306
<b>Total Available</b>	<b>\$678,024,105</b>	<b>\$731,004,348</b>	<b>\$728,370,046</b>	<b>\$778,405,464</b>	<b>\$778,405,464</b>
Expenditures:					
Administrative Expenses	\$538,674	\$686,363	\$686,813	\$705,364	\$707,328
Investment Services <sup>1</sup>	4,579,537	2,291,075	2,291,075	1,512,974	1,512,974
Payments to Retirees	15,449,941	21,785,530	21,785,530	23,999,584	23,999,584
Beneficiaries	282,878	400,470	400,470	439,415	439,415
Refunds	670,016	986,000	986,000	879,000	879,000
Subtotal Expenditures	\$21,521,046	\$26,149,438	\$26,149,888	\$27,536,337	\$27,538,301
COLA Reserve	0	0	0	1,964	0
Total Expenditures	\$21,521,046	\$26,149,438	\$26,149,888	\$27,538,301	\$27,538,301
<b>Total Disbursements</b>	<b>\$21,521,046</b>	<b>\$26,149,438</b>	<b>\$26,149,888</b>	<b>\$27,538,301</b>	<b>\$27,538,301</b>
<b>Ending Balance</b>	<b>\$656,503,059</b>	<b>\$704,854,910</b>	<b>\$702,220,158</b>	<b>\$750,867,163</b>	<b>\$750,867,163</b>
PC Replacement Reserve <sup>3</sup>	4,860	4,444	4,444	5,254	5,254
<b>Unreserved Balance</b>	<b>\$656,498,199</b>	<b>\$704,850,466</b>	<b>\$702,215,714</b>	<b>\$750,861,909</b>	<b>\$750,861,909</b>

<sup>1</sup> In order to account for revenues and expenditures in the proper fiscal year, an audit adjustment in the amount of \$2,937,370.68 has been reflected as an increase to FY 2000 revenues and expenditures. FY 2000 Actuals are adjusted to reflect compliance with Governmental Accounting Standards Board (GASB) Statement 28 which requires segregation of income and expenditures associated with securities lending transactions. The audit adjustment has been included in the FY 2000 Comprehensive Annual Financial Report (CAFR). The details of the FY 2000 audit adjustments were included in the FY 2001 Third Quarter Package. It should be noted that prior to GASB 28 the retirement systems reflected net income from securities lending as part of return on investment. It should also be noted that the Uniformed Retirement System received net securities lending income of \$177,631.42 based on securities lending transactions in FY 2000.

<sup>2</sup> Unrealized gain/loss will be reflected as an actual revenue at the end of each fiscal year.

<sup>3</sup> Computer equipment reserve established for the timely replacement of obsolete computer equipment used for retirement operations.

# RETIREMENT ADMINISTRATION AGENCY

## FUND STATEMENT

### Fund Type G60, Pension Trust Funds

### Fund 601, Fairfax County Employees' Retirement

	FY 2000 Actual	FY 2001 Adopted Budget Plan	FY 2001 Revised Budget Plan	FY 2002 Advertised Budget Plan	FY 2002 Adopted Budget Plan
<b>Beginning Balance</b>	<b>\$1,748,409,203</b>	<b>\$1,846,699,536</b>	<b>\$1,836,422,844</b>	<b>\$1,944,011,084</b>	<b>\$1,944,011,084</b>
Revenue:					
County Employer Contributions	\$19,912,422	\$19,411,964	\$19,411,964	\$20,717,873	\$20,717,873
County Employee Contributions	14,615,175	14,552,682	14,552,682	15,985,464	15,985,464
School Employer Contributions	7,221,173	6,821,538	6,821,538	7,544,345	7,544,345
School Employee Contributions	5,694,606	5,113,105	5,113,105	6,216,570	6,216,570
Employee Payback	384,404	388,000	388,000	251,000	251,000
Return on Investments <sup>1</sup>	180,259,910	137,343,290	137,343,290	144,612,615	144,612,615
Total Realized Revenue	\$228,087,690	\$183,630,579	\$183,630,579	\$195,327,867	\$195,327,867
Unrealized Gain (Loss) <sup>2</sup>	(\$67,467,883)	\$0	\$0	\$0	\$0
Total Revenue	\$160,619,807	\$183,630,579	\$183,630,579	\$195,327,867	\$195,327,867
<b>Total Available</b>	<b>\$1,909,029,010</b>	<b>\$2,030,330,115</b>	<b>\$2,020,053,423</b>	<b>\$2,139,338,951</b>	<b>\$2,139,338,951</b>
Expenditures:					
Administrative Expenses	\$1,437,389	\$1,659,532	\$1,673,632	\$1,756,385	\$1,765,549
Investment Services <sup>1</sup>	10,457,884	5,679,043	5,679,043	4,706,067	4,706,067
Payments to Retirees	54,130,297	62,665,976	62,665,976	68,320,600	68,320,600
Beneficiaries	1,456,723	1,582,688	1,582,688	1,885,991	1,885,991
Refunds	5,123,873	4,441,000	4,441,000	5,898,000	5,898,000
Subtotal Expenditures	\$72,606,166	\$76,028,239	\$76,042,339	\$82,567,043	\$82,576,207
COLA Reserve	0	0	0	9,164	0
Total Expenditures	\$72,606,166	\$76,028,239	\$76,042,339	\$82,576,207	\$82,576,207
<b>Total Disbursements</b>	<b>\$72,606,166</b>	<b>\$76,028,239</b>	<b>\$76,042,339</b>	<b>\$82,576,207</b>	<b>\$82,576,207</b>
<b>Ending Balance</b>	<b>\$1,836,422,844</b>	<b>\$1,954,301,876</b>	<b>\$1,944,011,084</b>	<b>\$2,056,762,744</b>	<b>\$2,056,762,744</b>
PC Replacement Reserve <sup>3</sup>	22,680	20,736	20,736	28,296	28,296
<b>Unreserved Balance</b>	<b>\$1,836,400,164</b>	<b>\$1,954,281,140</b>	<b>\$1,943,990,348</b>	<b>\$2,056,734,448</b>	<b>\$2,056,734,448</b>

<sup>1</sup> In order to account for revenue and expenditures in the proper fiscal year, an audit adjustment in the amount of \$6,291,117.16 has been reflected as an increase to FY 2000 revenue and expenditures. FY 2000 Actuals are adjusted to reflect compliance with Governmental Accounting Standards Board (GASB) Statement 28 which requires segregation of income and expenditures associated with securities lending transactions. The audit adjustment has been included in the FY 2000 Comprehensive Financial Report (CAFR). Details of the FY 2000 audit adjustments were included in the FY 2001 Third Quarter Package. It should be noted that prior to GASB 28 the retirement systems reflected net income from securities lending as part of return on investment. It should also be noted that the Fairfax County Employees' (formerly Supplemental) Retirement System received net securities lending income of \$389,123.94 based on securities lending transactions in FY 2000.

<sup>2</sup> Unrealized gain/loss will be reflected as an actual revenue at the end of each fiscal year.

<sup>3</sup> Computer equipment reserve established for the timely replacement of obsolete computer equipment used for retirement operations.

# RETIREMENT ADMINISTRATION AGENCY

## FUND STATEMENT

### Fund Type G60, Pension Trust Funds

### Fund 602, Police Retirement

	FY 2000 Actual	FY 2001 Adopted Budget Plan	FY 2001 Revised Budget Plan	FY 2002 Advertised Budget Plan	FY 2002 Adopted Budget Plan
<b>Beginning Balance</b>	<b>\$576,262,558</b>	<b>\$610,823,728</b>	<b>\$621,862,028</b>	<b>\$663,230,806</b>	<b>\$663,230,806</b>
Revenue:					
Employer Contributions	\$11,950,073	\$14,071,712	\$15,301,547	\$15,241,125	\$15,241,125
Employee Contributions	7,508,802	6,623,455	6,623,455	7,956,052	7,956,052
Employee Payback	24,102	15,000	15,000	12,000	12,000
Return on Investments <sup>1</sup>	92,079,004	45,483,505	45,483,505	49,612,079	49,612,079
Total Realized Revenue	\$111,561,981	\$66,193,672	\$67,423,507	\$72,821,256	\$72,821,256
Unrealized Gain (Loss) <sup>2</sup>	(\$41,430,674)	\$0	\$0	\$0	\$0
Total Revenue	\$70,131,307	\$66,193,672	\$67,423,507	\$72,821,256	\$72,821,256
<b>Total Available</b>	<b>\$646,393,865</b>	<b>\$677,017,400</b>	<b>\$689,285,535</b>	<b>\$736,052,062</b>	<b>\$736,052,062</b>
Expenditures:					
Administrative Expenses	\$524,137	\$589,646	\$590,096	\$649,551	\$651,515
Investment Services <sup>1</sup>	5,740,576	3,070,291	3,070,291	2,961,823	2,961,823
Payments to Retirees	16,874,449	19,374,512	20,604,347	21,107,686	21,107,686
Beneficiaries	862,053	1,106,995	1,106,995	1,078,314	1,078,314
Refunds	530,622	683,000	683,000	882,000	882,000
Subtotal Expenditures	\$24,531,837	\$24,824,444	\$26,054,729	\$26,679,374	\$26,681,338
COLA Reserve	0	0	0	1,964	0
Total Expenditures	\$24,531,837	\$24,824,444	\$26,054,729	\$26,681,338	\$26,681,338
<b>Total Disbursements</b>	<b>\$24,531,837</b>	<b>\$24,824,444</b>	<b>\$26,054,729</b>	<b>\$26,681,338</b>	<b>\$26,681,338</b>
<b>Ending Balance</b>	<b>\$621,862,028</b>	<b>\$652,192,956</b>	<b>\$663,230,806</b>	<b>\$709,370,724</b>	<b>\$709,370,724</b>
PC Replacement Reserve <sup>3</sup>	4,860	4,444	4,444	5,254	5,254
<b>Unreserved Ending Balance</b>	<b>\$621,857,168</b>	<b>\$652,188,512</b>	<b>\$663,226,362</b>	<b>\$709,365,470</b>	<b>\$709,365,470</b>

<sup>1</sup> In order to account for revenues and expenditures in the proper fiscal year, an audit adjustment in the amount of \$3,138,983 has been reflected as an increase in FY 2000 revenue and expenditures. FY 2000 Actuals are adjusted to reflect compliance with Governmental Accounting Standards Board (GASB) Statement 28 which requires segregation of income and expenditures associated with securities lending transactions. The audit adjustment has been included in the FY 2000 Comprehensive Annual Financial Report (CAFR). Details of the FY 2000 audit adjustments were included in the FY 2001 Third Quarter Package. It should be noted that prior to GASB 28 the retirement systems reflected net income from securities lending as part of return on investment. It should also be noted that the Police Retirement System received net securities lending income of \$168,390.04 based on securities lending transactions in FY 2000.

<sup>2</sup> Unrealized gain/loss will be reflected as an actual revenue at the end of each fiscal year.

<sup>3</sup> Computer equipment reserve established for the timely replacement of obsolete computer equipment used for retirement operations.